

**CAPITAL PROJECTS ADVISORY REVIEW BOARD
PROJECT REVIEW COMMITTEE - PANEL
Northwest Carpenters Facility
25120 Pacific Highway South
Kent, Washington
September 24, 2009
9:00 AM**

Draft Minutes

MEMBERS PRESENT

Dave Marberg, University of Washington (UW)
Phil Lovell, Chair, Turner Construction NW
Rodger Benson, MA Mortenson Company
Linneth Riley-Hall, City of Seattle
Juan Huey Ray, State Office of Minority and Women's
Business Enterprises (OWMBE)

Jonathan Hartung, SHKS Architects
Bill Kemble, WA State Bldg & Const Trades Org
Fred Tharp, WA State Department of
Transportation (WSDOT)
Tony Benjamin, Urban League of Metro Seattle
Frank Abart, Whatcom County

MEMBERS ABSENT

Gary Arndt, P.E., Parametrix

STAFF, GUESTS, PRESENTERS

Robyn Hofstad, General Administration
Don Davis, Sound Transit
Miles Haupt, Sound Transit
Kunjan Dayal, Sound Transit

Gary Baldasari, Sound Transit Architecture Manager
Loren Armstrong, Sound Transit Legal Counsel
Cheri Lindgren, Puget Sound Meeting Services

Welcome & Introductions

Chair Phil Lovell convened a panel of the Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC) at 9:06 a.m. Everyone present provided self-introductions.

Juan Huey Ray arrived at the meeting.

Approve Agenda

The agenda was accepted by consensus.

Public Comments

Bill Kemble reported that labor has some concerns about Sound Transit's University of Washington (UW) station project. Obayashi is the agency's general constructor. He referred to major mistakes concerning safety and apprenticeship utilization reporting. Chair Lovell invited Mr. Kemble to share his concerns during public comments.

Dave Marberg advised that he is not participating in the general discussion on Sound Transit's project because of a potential conflict of interest.

Project Application Review for General Contractor/Construction Manager (GC/CM) – Sound Transit University of Washington Station

(Panel Chair Phil Lovell, panel members Rodger Benson, Jonathon Hartung, Frank Abart, Linneth Riley-Hall, Fred Tharp and Juan Huey-Ray.)

Panel Chair Lovell introduced Sound Transit's project and outlined the application review process. Panel members provided self-introductions. Panel Chair Lovell reported the panel's task is determining whether the project meets criteria stipulated in the alternative public work statute (APW) 39.10, and whether the owner team is qualified and capable of completing the project.

Don Davis, Deputy Director of Technical Services, Link Light Rail Deputy Executive Director, introduced the project team. He provided an overview of Sound Transit's organizational structure. Sound Transit (ST) opened 13.9 miles of rail in July 2009. Another 1.7-mile extension under construction at SeaTac Airport will open December 2009. Those projects represent \$1.4 billion of construction built in the last six years and \$2.6 billion in total project costs. Including express bus and commuter rail facilities, ST has built \$3 billion in transportation infrastructure.

The University of Washington Station (UWS) link is the first extension of the initial segment. The program involves 3.14 miles of train-bored tunnels from downtown Seattle to UW and two underground stations at UW and Capitol Hill. Total program budget is \$1.95 billion, which includes 10 construction contracts.

Gary Baldasari, AIA, University Link Station Architecture Manager, displayed an aerial site plan and identified the station location directly adjacent to Husky Stadium and the UW Medical Center. A cross section of the light rail station shows a pedestrian bridge connecting the station to the UW Campus. The station is 470 feet long and 90 feet below grade. He identified the platform level, head house, pedestrian bridge, UW off spans, elevators, escalators, and emergency exit.

Mr. Baldasari reviewed funding, budget and milestones. The Federal Transit Administration's (FTA) full funding grant agreement for the program was approved January 2009 for \$813 million. Local matching funds include \$1.13 billion.

Project milestones include:

- University link commenced construction October 2008 with operation projected to occur by September 2016.
- UWS construction commences April 2011 with construction completion in January 2015.

Miles Haupt, UWS Construction Manager, described how the light rail project is appropriate for the General Contractor Construction Manager (GC/CM) delivery model because it meets four of the five conditions included in the statute:

- **Involves construction at existing facilities that must continue to operate.** Both pedestrian and vehicular access must be maintained to and from Husky Stadium while under construction. Significant pedestrian crossings exist at the major intersections as well as towards the main campus. The UW Medical Center functions 24 hours daily. Mountlake Terrace is a high transit corridor with trolley and other bus service serving the immediate vicinity. Operations must be maintained on a daily basis and for special events.
- **Project encompasses a complex technical work environment.** Top-down construction experience is limited to several firms. ST will employ a qualifications-based GC/CM selection process. Complex

means and methods decisions are required, such as spoils conveyor versus crane bucket, earth form versus supported formwork, and selection of excavation equipment. The facility is technically difficult with complex mechanical, electrical, rail and control systems, and passenger circulation. Fire-life safety systems must meet strict local, state, and federal codes. A schematic for the top-down construction was presented. Top-down construction enables construction of the superstructure and sub-basement simultaneously. Perimeter foundation walls are required. Ground level and first basement slabs are poured with access holes left to allow excavation below.

- **Implementation of the project involves complex scheduling, phasing, and coordination.** Other University link contracts include tunnel boring machine drives, track work including crossover in south part of the station, and control systems. The station contains vertical transport, ventilation, power, control systems, and high value finishes, which will require high level of coordination for access. Site planning challenges include excavation, hauling, concrete, phased restoration, and returning site to UW. A snapshot of what the project will look like once the station contract is underway was shared. Access points and roadways providing access to Husky Stadium were reviewed. A slide highlighting the first two phases of the contract was shared. The first phase involves the tunneling contractor establishing the site. In the second phase, the site expands from two to six acres to facilitate construction of the station. The contract schedule interface and coordination overlaps with tunneling and station contracts.
- **Involvement of the GC/CM is critical during design and pre-construction phases.** The station design is at a stage where contractor input is valuable for construction methodology, top-down or conventional approach, phasing of sequencing with other onsite contractors, estimating for reflecting construction market conditions, scheduling, value engineering, constructability review, and optimizing subcontract packaging. Those activities performed by the GC/CM could result in substantial cost savings prior to establishing the Maximum Allowable Construction Cost (MACC).

Mr. Davis reported a fifth criterion in statute pertains to historical facilities. ST does not meet the condition, but meets the other four criteria. He reviewed an organizational chart and provided additional information on team member biographies. The team possesses significant experience in design. ST also supports hiring additional expertise to implement the GC/CM process.

The agency is well beyond 30% design. However, the GCCM process is still appropriate. The schedule allows approximately 18 months from PRC approval to station construction. During that time, contractor selection, contract award, constructability reviews, value engineering, contract packaging, and MACC development occurs. A GC/CM contract award is anticipated by June 1, 2010.

Public benefits of using GC/CM include FTA and ST requiring a risk analyses to ensure project scope is aligned with established budget. The GC/CM methodology promotes early recognition of project risks in a collaborative environment between the owner and contractor, and fair and reasonable pricing of risk factors during MACC negotiation. The GC/CM model utilizes contractor experience, innovation, improved estimating, cost reconciliation, scheduling, familiarity of construction documents, and value engineering.

Mr. Davis advised that ST is at the cusp of kicking off a \$17 billion program over the next 15 years to construct an additional 44 miles of light rail. The agency wants to take a proactive approach to ensure utilization of a correct contracting methodology for each contract.

Mr. Baldasari described his experience as project manager on the Roosevelt and Cleveland Seattle school projects, assisting Washington State Ferries on redesigning the Anacortes facility, and GC/CM knowledge.

Mr. Benson asked Mr. Davis to clarify his role on the project. Mr. Davis replied that he'll manage both the design and construction management groups and is responsible to carry the project through 100% design and

procurement of the contract. ST will support project control and construction management staff as needed. The contract has not been negotiated with the construction management consultant. Joe Gildner, Project Director, will assume management of day-to-day construction activities. Mr. Benson asked whether Mr. Gildner has a role in pre-construction efforts. Mr. Davis affirmed that he does.

Panel Chair Lovell commented on the need for ST's terms and conditions to be compatible with the GC/CM statute. He spoke about other ramifications of GC/CM including MACC negotiation, bidding and organizing bid packaging, and phasing subcontractor bidding that could create problems with lump sum contracts if the team is not familiar with those distinctions. Mr. Davis advised that legal counsel and others on staff are experienced with similar contracts. He acknowledged the need to identify resources to assist the agency if issues emerge.

Jonathon Hartung asked why the agency does not currently have those resources on staff. Mr. Davis explained that the agency utilized Design Build (DB) for a portion of a tunnel at UW in the early 1990s. However, it was not a good experience. ST backed off from APW delivery methods. The UWS was set in place eight years ago as GC/CM and DB processes matured. The organization has a huge program to deliver and needs every tool available to deliver the program.

Loren Armstrong said ST has historically operated as a lean agency. The traditional model is hiring consultants to perform specialized and technical aspects of projects.

Mr. Hartung asked why a GC/CM consultant has not been hired to provide expertise. Mr. Davis advised that the hiring is pending application approval from the PRC.

Discussion ensued on the contracting relationship for the twin tunnels project under Beacon Hill. Mr. Davis explained that one contractor was used for that venture. Separate contracts are proposed for the UWS and detailed finish work.

Mr. Tharp asked whether a Capitol Hill station is planned. Mr. Davis affirmed that ST would like to utilize GC/CM for that project as well.

Discussion followed on the pedestrian bridge scope of work (SOW) and site area required for staging purposes.

Mr. Benson said it's possible that three contractors could be working in and around the site concurrently. He asked how coordination of three different contracts and three different owners will occur. Mr. Haupt advised that the agency meets weekly with UW to ascertain what its contractors will be doing. The level of communication is very good. Weekly meeting will be expanded to include others stakeholders.

Mr. Benson asked how ST plans to handle the bid opening for the GC/CM contract. Mr. Davis said the decision has not been made. Mr. Benson strongly encouraged the agency to conduct a public bid process. Mr. Davis agreed transparency is a significant issue for all public agencies.

Ms. Riley Hall asked how ST will move forward with the project if the PRC doesn't approve the request, and if approved, the first actions to occur. Mr. Davis explained that if the project is not approved for GC/CM, ST will pursue a traditional Design Bid Build (DBB) methodology and perhaps hire someone to conduct an additional constructability review. The biggest challenge is writing specifications enabling bidders to understand complexities including phasing, impacts to the UW Medical Center/Husky Stadium, and three contractors on site at the same time. The preferred approach is reviewing the process with the GC/CM. If the PRC approves the request, the priority is initiating the GC/CM process.

In response to comments from Mr. Huey-Ray concerning the agency's diversity program, Mr. Davis reported that ST develops specific diversity goals for each project. Requirements are included in contract documents. Kunjan Dayal added that the agency's strategy will open the door for smaller business utilization and encourage wider participation of disadvantaged, minority, and small businesses.

Panel Chair Lovell expressed some concerns about coordination and potential conflicts between the tunneling contractor and the GC/CM. He asked whether the tunnel contract includes technical and performance criteria requiring the contractor to coordinate that component with the station work. Mr. Davis affirmed that's the intent. The tunneling contract was awarded several months ago. A section in the specifications addresses sequencing work with the 250 contractor and outlines terms and agreements with the State of Washington. Mr. Haupt added that when the station contractor takes over the southern portion of the project, the contractor will have temporary facilities including offices, power, and truck washing facilities.

Bill Kemble, Vice President, Seattle/King County Building and Construction Trades Council, offered comments:

- The Council had a difficult time obtaining apprentice utilization reporting from Obayashi during the Beacon Hill component.
- Safety is paramount with any construction project. Labor experienced challenges with Obayashi. There were deaths and serious injuries on the Beacon Hill project. Obayashi's response was poor to accident reports, attendance at safety meetings, and attendance to meetings when issues were scheduled to be addressed.

Mr. Davis referred to Mr. Dayal's weekly memorandums to the contractor on delayed reporting requirements. There is a heightened sense of urgency at the agency's executive level to obtain completed reports, such as certified payrolls in a timely manner. ST experienced some problems at the end of the contracts because some people were leaving. From a safety aspect, ST experienced more safety problems with Obayashi. Safety is certainly primary and an objective is ensuring contractors reinforce those requirements. ST assigns safety officers and monitors for each project and holds weekly safety meetings. Submittal requirements are stringent for the safety component.

Mr. Kemble acknowledged the comments. However, remedying the concerns is the issue.

Tony Benjamin, Urban League of Metro Seattle, said the complexities listed in the application concern hauling spoils and other transportation issues. He asked how ST plans to address those complexities, as many general contractors do not possess specific expertise in transportation and related logistics. Mr. Davis responded that specific hauling requirements will be outlined in the specifications. Trucks will be inspected.

Mr. Benjamin commented on concerns related to potential transportation impacts to the UW Hospital. He referred to a specific statistic where drivers operating between the hours of midnight to 6:00 a.m. average 70% higher. There may be considerations for working with Local 174 to provide specific training and preparing drivers for operating during those hours.

Discussion ensued on lessons learned on cost overruns specifically with the mechanical system design for the Roosevelt High School venture.

The panel deliberated its recommendation.

Mr. Mortenson said that as a potential station contractor working alongside the tunnel contractor, Obayashi's safety culture is of significant concern. It's imperative ST provides appropriate leadership in demanding attention to detail in the area of safety. WSDOT also has a major construction project on SR520, which means there could be four contractors working in the same vicinity at the same time. It's difficult to imagine that a DBB strategy will lead to a successful project for all stakeholders. The team made an effective argument as to why GC/CM is the appropriate delivery model. The earlier ST can bring a GC/CM on board the better. If the PRC provided contingent approvals, approval would be predicated on the team hiring staff with more GC/CM experience. Mr. Haupt likely understands the difference between GC/CM and DBB. The deliveries are dramatically different. He said he plans to support the application for GC/CM.

Mr. Tharp said safety concerns reinforce his support of a GC/CM as ST looks for qualifications-based contracting. It's important to address those issues when developing the request for qualifications (RFQ). He complimented ST on how it's developed over the years showing maturity as a fair and just owner. The team as assembled and planned will experience some bumps along the way. However, ST can't afford to fail with a \$17 billion construction program. Mr. Tharp said he'll vote in favor of the project application.

Ms. Riley-Hall said the project is appropriate for GC/CM. Her concern is the internal structure. This is ST's first GC/CM project and it's not small.

Mr. Hartung acknowledged that the project is highly complex and qualifies for GC/CM in every way. What's lacking is a convincing description of ST's internal structure to address the administration contract of the GC/CM. Mr. Baldasari may have the expertise but ST has not provided it effectively. The PRC cannot give contingent approval on the basis that the team will or will not hire additional expertise. He indicated he wants to support the application but can't until that expertise is available. The owner should have come to the PRC with that person on board with a defined role and how ST will develop and manage the contract.

Mr. Abart agreed the project is a good fit for GC/CM. The question is whether the project will be successful. He indicated he generally supports the application request.

Mr. Huey-Ray said he has similar concerns. It's important that Mr. Dayal is actively involved. That aspect of the organization is critical. The project meets GC/CM criteria.

Panel Chair Lovell said the project meets the criteria and he's supportive of the application. Generally, ST is a large and competent organization. The project is quite technical and highly engineered. The owner is well experienced and delivers projects on budget and on schedule, which is what the state and taxpayers are seeking. ST was encouraged to hire additional expertise if necessary. He described his experience as a contractor with the Oregon Arena project consisting of separate public infrastructure and arena contracts. The biggest concern is the coordination of the GC/CM contractor with the slurry wall/tunneling contractor. There is expertise and capability with local general contractors in the Seattle area, which ST should harness and utilize.

Mr. Benson strongly encouraged the owner to consider hiring an experienced GC/CM as early as possible. He reminded the panel of its task to determine whether the project and team meets criteria outlined in statute. The criteria do not specifically state that an owner must have someone in the organization with GC/CM experience but that the organizational structure and management is in place to be successful.

Mr. Hartung suggested that ST should hire the GC/CM and resubmit its application.

Rodger Benson moved, seconded by Fred Tharp, to approve Sound Transit's project application for GC/CM for the University of Washington Station. Motion carried. Mr. Hartung opposed.

Chair Lovell recessed the meeting from 10:36 a.m. to 10:43 a.m.

Mr. Hartung left the meeting.

Application Review Post Mortem

Panel members provided the following feedback:

- Sound Transit will likely have someone with GC/CM experience when it returns to the PRC for the Capitol Hill component.
- Nine members were unavailable for the panel. The PRC is now meeting bimonthly. However, the organization has the ability to convene a panel during other months. Certification and re-certification applications require a quorum of the membership. Members were reminded of the importance to attend meetings. Chair Lovell should also stress the importance of the meeting schedule with the full PRC at a future meeting.
- The next PRC meeting is on December 3 because of the Thanksgiving holiday.

Discussion ensued on the various contracts and components of the UWS project, coordinating work, and the relationship of a GC/CM.

Adjournment

Mr. Huey-Ray moved, seconded by Fred Tharp, to adjourn the meeting at 10:57 a.m. Motion carried.

Prepared by Cheri Lindgren, Recording Secretary
Puget Sound Meeting Services